

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7117
BILL NUMBER: HB 1870

DATE PREPARED: Dec 20, 2000
BILL AMENDED:

SUBJECT: Prescription Drug Fund.

FISCAL ANALYST: Kathy Norris
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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

STATE IMPACT	FY 2001	FY 2002	FY 2003
State Revenues			
State Expenditures		10,000,000	10,000,000
Net Increase (Decrease)		(10,000,000)	(10,000,000)

Summary of Legislation: This bill appropriates \$20 M to the Indiana Prescription Drug Fund from the Indiana Tobacco Master Settlement Agreement Fund. The bill also adds two members to the Indiana Prescription Drug Advisory Committee and provides that the legislative members of the Committee are voting members.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill appropriates \$20 M from the Tobacco Master Settlement Agreement Fund for the Prescription Drug Fund for the biennium. (The current level of funding for the Prescription Drug Fund is \$20 M for FY 2001.)

P.L. 21-2000 included a provision that limits the amount of tobacco settlement funds available to be distributed, transferred, or spent from the Indiana Master Settlement Fund to no more than 60% of the amount of revenue received each year. The balance of the funds received remain in the Master Settlement Fund. There is one ongoing appropriation made in P.L. 21-2000 to the Local Health Maintenance Fund. The balance of the funds are available for appropriation, distribution, or transfer as illustrated in the chart below.

	FY 2002	FY 2003
Estimated Annual Revenue	157,870,664	163,981,563
P.L. 21-2000 Multiplier	60%	60%
Total Available for Appropriation	94,722,398	98,388,938
Ongoing Appropriation I.C. 4-12-7-4	3,000,000	3,000,000
Prescription Drug Fund	10,000,000	10,000,000
Remaining Funds Available for Appropriation or Distribution	81,722,398	85,388,938

The bill also adds two members to the Indiana Prescription Drug Advisory Committee. The two additional members would be entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties. These expenses are estimated to be \$2,000 annually and are anticipated to be absorbed within the Indiana Prescription Drug Fund.

Explanation of State Revenues: The estimated revenue to be received in FY 2002 and FY 2003 per the Tobacco Master Settlement Agreement is from estimates prepared by Morgan Stanley Dean Witter. The amounts estimated are subject to adjustments for inflation and levels of tobacco sales.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: The Family and Social Services Administration, Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: P.L.21-2000; and "Projection of State of Indiana's Future Payments", Morgan Stanley Dean Witter.